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13 **UNITED STATES DISTRICT COURT FOR THE**  
14 **CENTRAL DISTRICT OF CALIFORNIA**

15 KAREN STONE,

16 On her own behalf and for all  
17 others similarly situated,

18 Plaintiff,

19 v.

20 OCWEN FINANCIAL  
CORPORATION,  
21 OCWEN LOAN SERVICING,  
LLC,  
22 ALTISOURCE PORTFOLIO  
SOLUTIONS, S.A.,  
23 ALTISOURCE SOLUTIONS,  
INC., and  
24 WILLIAM ERBEY,

25 Defendants.

Case No. 2:15-CV-00302

**FIRST AMENDED COMPLAINT  
FOR: (1) FRAUDULENT  
CONCEALMENT (2) UNJUST  
ENRICHMENT; (3) BREACH OF  
LOAN CONTRACTS; (4) BREACH  
OF THE COVENANT OF GOOD  
FAITH AND FAIR DEALING; (5)  
DECLARATORY AND  
INJUNCTIVE RELIEF; (6)  
VIOLATION OF FLORIDA'S  
DECEPTIVE AND UNFAIR TRADE  
PRACTICES ACT; (7) VIOLATION  
OF CALIFORNIA'S UNFAIR  
COMPETITION LAW; AND (8)  
VIOLATION OF CALIFORNIA'S  
ROSENTHAL ACT**

**CLASS ACTION**

## **INTRODUCTION**

1  
2           1.     Karen Stone (“Plaintiff”) brings this class action on behalf of herself  
3 and a nationwide class of similarly situated individuals (“the Class”) as set forth  
4 below. This Court has jurisdiction over Plaintiffs’ claims pursuant to 28 U.S.C. §  
5 1332(d).

6           2.     This case involves the actions of Defendants Ocwen Financial  
7 Corporation and Ocwen Loan Servicing, LLC (collectively “Ocwen”), its Executive  
8 Chairman, William Erbey, and related companies, affiliates, contractors (including  
9 the “Altisource” defendants) and agents. Ocwen services residential mortgage  
10 loans.

11           3.     Defendants have engaged in a nationwide scheme of illegal, unfair,  
12 unlawful, and deceptive business practices that violate both federal and state law in  
13 the servicing of home-secured loan transactions and in the provision of certain  
14 related services, including debt collection and foreclosure services. This scheme is  
15 carried out by means of a centrally controlled set of policies and practices and is  
16 implemented with form documents, form notices and uniform accounting  
17 mechanisms.

18           4.     Defendants have created business practices that allow them to profit  
19 from the misery of struggling homeowners and to siphon off money that the  
20 homeowners could use to cure their defaults.

21           5.     Ocwen has turned homeowner default into a profit center, so much so  
22 that it is routinely indifferent to circumstances in which its own mistakes and/or  
23 overcharges generate or exacerbate the default.

24           6.     Specifically, Defendants routinely seek to collect, and do collect late  
25 charges that are not due from homeowners under mortgages, deeds of trust and/or  
26 loan notes (collectively referred to herein as “Loan Contracts”).

27           7.     The Ocwen Defendants routinely pay the Altisource Defendants  
28 marked-up fees to perform work on delinquent accounts including, without

1 limitation, above market fees for insurance, inspection fees, appraisals, broker's  
2 price opinions, title services, and auction services. Ocwen then passes the  
3 unreasonable marked up charges through to homeowners in violation of Loan  
4 Contracts.

5 8. Ocwen's overseas call centers are designed to frustrate customer  
6 inquiries rather than to provide customers with meaningful information and  
7 assistance. Overseas employees do not have access to information present in  
8 Ocwen's records and/or sufficient authority from Ocwen necessary to respond to or  
9 resolve customer inquiries and problems. It often takes many weeks or months for  
10 homeowners to reach an Ocwen employee with information about and/or sufficient  
11 authority to resolve servicing problems, during which time additional late fees and  
12 default and delinquency charges typically arise.

13 9. Ocwen's written correspondence to borrowers is likewise confusing  
14 because they do not contain accurate information about defaults and amounts owed  
15 and are routinely sent out late.

16 10. Each of the actions complained of herein is undertaken by the  
17 Defendants to generate illegal or improper revenue for one or more of them. Such  
18 actions are not undertaken on behalf of the mortgage holders for whom the  
19 Defendants service loans.

20 11. Through misapplication of loan payments or otherwise, Ocwen  
21 routinely treats borrowers as in default on their loans even though the borrowers  
22 have tendered timely and sufficient payments or have otherwise complied with  
23 mortgage requirements or applicable law.

24 12. The Defendants' practices are misleading, deceptive and/or unfair  
25 under state law including under, without limitation, Florida's Deceptive and Unfair  
26 Trade Practices Act (FDUTPA) (F.S. § 501.201, et seq.) and California Unfair  
27 Competition Law, (Cal. Bus. and Prof. Code § 17200, et seq.)

28 13. The practices described herein also violate contract law and the

1 common law in each of the states in which the Defendants do business.

2 14. In addition to damages, Ms. Stone and the Class seek injunctive and/or  
3 declaratory relief to prevent recurrence of the challenged conduct, and to assure  
4 uniform standards of future servicing of loans and equitable relief and damages for  
5 themselves and the Class generally, including restitution and disgorgement of funds  
6 obtained by Defendants in violation of state and federal law.

7 **SUBJECT MATTER JURISDICTION AND VENUE**

8 15. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §  
9 1332(d) because this class action is between citizens of different states; Ms. Stone  
10 is a citizen of a state different from the Defendant; a class action has been pled; the  
11 matter in controversy exceeds the sum or value of \$5,000,000, exclusive of interest  
12 and costs; and there are 100 or more members in the proposed classes. 28 U.S.C. §  
13 1332(d).

14 16. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)  
15 because the unlawful practices complained of are carried out in this District; Ms.  
16 Stone lives in this District and each defendant regularly conducts business in this  
17 District.

18 17. All conditions precedent to filing this Complaint have occurred, been  
19 performed, or been waived.

20 **PARTIES**

21 18. Plaintiff Karen Stone is a resident and citizen of California whose  
22 home-secured loan was serviced by Ocwen during the period covered by this  
23 action.

24 19. Defendant Ocwen Financial Corporation is a publicly held Florida  
25 financial services company that is based in West Palm Beach, Florida. Ocwen  
26 Financial regularly conducts business in this District.

27 20. Defendant Ocwen Loan Servicing, LLC is a separately incorporated  
28 subsidiary of Ocwen Financial Corporation that is based in West Palm Beach,

1 Florida. Ocwen Loan Servicing regularly conducts business in this District.

2 21. Ocwen maintains its principal call centers in India, the Philippines and  
3 Uruguay. More than three quarters of its employees are located in one of those  
4 three countries.

5 22. Defendants Ocwen Financial Corporation and Ocwen Loan Servicing,  
6 LLC are referred to collectively herein as “Ocwen.”

7 23. Defendant Altisource Solutions, Inc. (“Altisource”) is a separately  
8 incorporated affiliate of Ocwen Financial Corporation with a principal place of  
9 business in Atlanta, Georgia. Altisource Solutions regularly conducts business in  
10 this District.

11 24. Ocwen is Altisource’s largest customer, representing approximately  
12 60% or more of Altisource’s income.

13 25. The Chairman of Altisource, William Erbey, is or has been the  
14 Executive Chairman of Ocwen.

15 26. Altisource and Ocwen share employees.

16 27. Altisource does business in its own name and also, in part, as “Hubzu”  
17 and/or “Hubzu.com.”

18 28. William Erbey is or has been the Executive Chairman of Ocwen and  
19 the Chairman of Altisource.

20 29. Although Mr. Erbey has announced his intention to step down as  
21 Executive Chairman in the future, he participated in, directed and controlled the  
22 business practices raised in this Complaint, including, without limitation, the  
23 servicing policies and procedures implemented at Ocwen and the business strategy  
24 involved in spinning off Altisource so that it could charge above-market prices for  
25 default and delinquency-related services to Ocwen which could then be passed on  
26 to homeowners under the terms of Loan Contracts.

27 30. Mr. Erbey regularly travels to California for business reasons,  
28 including on at least eight (8) occasions for business reasons associated with his

1 participation in the businesses of the other Defendants in this case. He controls  
2 business practices that he knows or should know affect consumers in California and  
3 which are regulated by the state of California. He manages employees and agents  
4 that do business in California, has interests in property in California and  
5 participates as an officer, director or principal in businesses that are licensed by the  
6 state of California. Through these activities, directed toward California, Mr. Erbey  
7 has purposefully availed himself of the privilege of conducting business activities  
8 in California, and has profited from Defendants' acts.

9 **Agency/Joint Venture**

10 31. At all times relevant to this Complaint, Defendants, both individually  
11 and collectively, together with affiliates not herein named, are and were agents or  
12 joint venturers of each of the other Defendants, and in doing the acts alleged herein  
13 were acting within the course and scope of such agency. Each Defendant had  
14 actual and/or constructive knowledge of the acts of each of the other Defendants,  
15 and ratified, approved, joined in, acquiesced in, and/or authorized the wrongful acts  
16 of each co-Defendant, and/or retained the benefits of said wrongful acts.

17 **Aiding and Abetting**

18 32. At all times relevant to this Complaint, Defendants, both individually  
19 and collectively, together with affiliates not herein named, aided and abetted,  
20 encouraged, and rendered substantial assistance to the other Defendants in  
21 breaching their obligations to Ms. Stone and the Class, as alleged herein. In taking  
22 action, as alleged herein, to aid and abet and substantially assist the commissions of  
23 these wrongful acts and other wrongdoings complained of, each of the Defendants  
24 acted with an awareness of its primary wrongdoing and realized that its conduct  
25 would substantially assist the accomplishment of the wrongful conduct, wrongful  
26 goals, and wrongdoing.

## **Conspiracy**

33. At all times relevant to this Complaint, Defendants, both individually and collectively, together with affiliates not herein named, knowingly and willfully conspired, engaged in a common enterprise, and engaged in a common course of conduct to accomplish the wrongs complained of herein. The purpose and effect of the conspiracy, common enterprise, and common course of conduct complained of was, *inter alia*, to financially benefit Defendants at the expense of Ms. Stone and the Class by engaging in fraudulent activities. Defendants accomplished their conspiracy, common enterprise, and common course of conduct by misrepresenting and concealing material information regarding the servicing of loans, the relationships among them and by taking steps and making statements in furtherance of their wrongdoing as specified herein. Each Defendant was a direct, necessary and substantial participant in the conspiracy, common enterprise and common course of conduct complained of herein, and was aware of its overall contribution to and furtherance thereof. Defendants' wrongful acts include, *inter alia*, all of the acts that each of them is alleged to have committed in furtherance of the wrongful conduct complained of herein.

34. Ms. Stone is informed and believes that the above-described conspiracy is ongoing, making it pointless for her to allege when the last overt act of the conspiracy occurred.

## **GENERAL FACTS**

### **Factual Background**

35. Ocwen is a servicer of single-family mortgages, including the mortgages of Ms. Stone and the Class. In the servicing industry, "single family mortgages" include mortgages on one to four-family dwelling units.

36. A "servicer" is responsible for mortgage administration activities, known as servicing activities, which generally include collecting payments from mortgagors; applying payments made in an order called for by the relevant

1 contractual agreements, to the mortgagor's indebtedness; distributing payments  
2 after allowable deductions, for amounts such as late charges, force-placed hazard  
3 insurance, and default and delinquency related advances to third parties; and  
4 pursuing collections from delinquent borrowers.

5 37. A servicer, such as Ocwen, that does not originate a mortgage loan  
6 may become the servicer by purchasing the "mortgage servicing rights" associated  
7 with the loan or by entering into a contract with the "master servicer" to act on its  
8 behalf as "subservicer." Such transfers can occur at various stages of repayment of  
9 the mortgage, including where the borrower is delinquent in payments.

10 38. Ocwen currently services more than \$400 billion in "customer-care  
11 intensive, high risk single-family residential loans." See Ocwen website, *available*  
12 *at* <http://www.ocwen.com/residential-servicing-why-choose-ocwen> (last viewed on  
13 Jan. 13, 2015).

14 39. Many of the loans Ocwen acquired for servicing were originated as  
15 subprime loans between 2000 and 2010, often on predatory terms or at above-  
16 market interest rates.

17 40. Indeed, Ocwen is the nation's largest subprime mortgage servicer,  
18 managing more than one-quarter of outstanding subprime loans in the U.S.  
19 Horwitz, Jeff, *Mortgage Servicers Go to Extreme Lengths to Skirt New*  
20 *Regulations*, PBS NewsHour, Jul. 31, 2014, *available at*  
21 [http://www.pbs.org/newshour/rundown/mortgage-servicers-create-multi-million-](http://www.pbs.org/newshour/rundown/mortgage-servicers-create-multi-million-dollar-shell-companies-skirt-regulations/)  
22 [dollar-shell-companies-skirt-regulations/](http://www.pbs.org/newshour/rundown/mortgage-servicers-create-multi-million-dollar-shell-companies-skirt-regulations/) (last viewed on January 13, 2015). For  
23 the 2013 fiscal year, Ocwen serviced 834,734 subprime loans with an unpaid  
24 principal balance of \$146 billion. Ocwen Financial Corp., Amended Annual Report  
25 (Form 10-K/A), at 44 (Aug. 18, 2014). As of June 30, 2014, Ocwen claims to  
26 service 770,415 subprime loans with an unpaid principal balance of \$131.8 billion.  
27 Ocwen Financial Corp., Quarterly Report (Form 10-Q), at 59 (Aug. 18, 2014).  
28

1           41. Ocwen typically acquires the servicing rights to mortgage loans that  
2 were originated by a third party. The applicable servicing transfer agreements  
3 provide that Ocwen acquires the unilateral right to make decisions about late fees  
4 and other default and delinquency charges that can be recovered under loan  
5 agreements being transferred to it for servicing. Ocwen ultimately exercises full  
6 discretion to initiate processes that generate the late fees, force-placed hazard  
7 insurance charges and default and delinquency charges that it passes on to  
8 borrowers under Loan Contracts.

9           42. Ocwen advances default and delinquency charges, where paid to third  
10 parties, and retains the right to recover the amounts advanced from borrowers.

11           43. On obtaining servicing rights pursuant to servicing transfer  
12 agreements, Ocwen is assigned rights and is delegated obligations under the  
13 applicable Loan Contracts that govern its relationships with the Ms. Stone and the  
14 Class. These assignments of rights and delegations of duties create privity between  
15 Ocwen and the borrowers with respect to the Loan Contracts it services within the  
16 meaning of the law.

17           44. In its amended annual report filed with the SEC for 2013, Ocwen  
18 states that using the latest technology and scientific principles allows it to focus on  
19 “each individual borrower [to] create a ‘market of one’ that is focused on the  
20 unique needs of each borrower[.]” resulting in Ocwen’s ability to “increase  
21 borrower acceptance rates of loan modifications and other resolution alternatives  
22 while at the same time lowering re-default rates.” Ocwen Financial Corp.,  
23 Amended Annual Report (Form 10-K/A), at 6 (Aug. 18, 2014). Additionally,  
24 Ocwen maintains that it is able to keep families in their homes by using “new  
25 technology that incorporates consumer psychology to reduce [its] cost of servicing,  
26 improve customer service and enhance [its] ability to manage defaults.” *Id.* at 3.

27           45. Contrary to its representations, when Ocwen takes over loans, it  
28 routinely breaches the Loan Contracts by, among other things, misapplying

1 borrower payments, improperly charging late fees, overcharging for default and  
2 delinquency related services, failing to honor its obligation to maintain escrow  
3 accounts and charging for purported advances made by other servicers after  
4 acquiring servicing portfolios without adequate proof or basis for those charges.

5 46. Ocwen's business model is to maximize revenues from loans in default  
6 without regard to whether it has a legal basis for the amounts it claims due. Among  
7 other things it churns or mismanages delinquent accounts to exacerbate late fees, to  
8 profit from force-placed hazard insurance policies and to generate income  
9 generated by providing default and delinquency services. Once Ocwen places a  
10 borrower in default, a cascading series of fees and charges are typically applied,  
11 making it increasingly difficult for a homeowner to return to a non-default status.

12 47. In addition, because the amounts that it pays for third-party default,  
13 delinquency and foreclosure related services performed by its affiliate, Altisource,  
14 are priced above market rates and are passed through to homeowners under the  
15 terms of Loan Contracts, Ocwen's practices undermine homeowners' ability to  
16 resolve their defaults and lead to additional profit to one or more of the Defendants.  
17 Thus, when Ocwen collects these charges, it is not just "paying itself back" or  
18 recollecting advances; it is profiting by collection of excessive charges that are not  
19 "reasonable and appropriate" under the security instrument.

20 48. The scheme implemented by Defendants is designed to defraud  
21 homeowners and to enrich Defendants.

22 49. On December 22, 2014, Ocwen entered into a Consent Order with the  
23 New York State Department of Financial Services ("NY Department of Financial  
24 Services") pursuant to New York State Banking Law, Section 44, the third such  
25 consent order in the past four years. *See In the Matter of Ocwen Financial*  
26 *Services*, Consent Order, *available* at <http://www.dfs.ny.gov/about/ea/ea141222.pdf>  
27 (last visited Jan. 13, 2015). This most recent consent order is the end result of a  
28 regulatory investigation that revealed, among other things "deficiencies in Ocwen's

1 servicing platform and loss mitigation infrastructure, including (a) robo-signing, (b)  
2 inaccurate affidavits and failure to properly validate document execution processes,  
3 (c) missing documentation, (d) wrongful foreclosure, (e) failure to properly  
4 maintain books and records, and (f) initiation of foreclosure actions without proper  
5 legal standing.” December 22, 2014 Consent Order at 3. In addition, investigations  
6 of internal portfolios that Ocwen has acquired “identified substantial deficiencies,  
7 weaknesses, and violations of laws and regulations relating to, among other things,  
8 foreclosure governance, implementation of modification programs, record keeping,  
9 required notifications, and the charging of unallowable fees.” *Id.*

10 50. A Compliance Monitor appointed pursuant to one of the NY  
11 Department of Financial Services Consent Orders determined that “Ocwen’s  
12 information technology systems are a patchwork of legacy systems and systems  
13 inherited from acquired companies, many of which are incompatible.” December  
14 22, 2014 Consent Order at 6. “As a result, Ocwen regularly gives borrowers  
15 incorrect or outdated information, sends borrowers backdated letters, unreliably  
16 tracks data for investors, and maintains inaccurate records”. *Id.*

17 51. The Consent Order also noted “widespread conflicts of interest”  
18 between Ocwen and related parties, such as Altisource.

19 52. The December 22, 2014 Consent Order with NY Department of  
20 Financial Services provides for \$150 million to be paid by Ocwen to New York  
21 State, but the benefit of these payments does not extend beyond New York’s  
22 borders. No homeowners’ claims, in New York state or elsewhere, were released  
23 as part of the December 22, 2014 Consent Order.

24 **Ocwen Has Engaged In A Pattern And Practice Of Assessing and Collecting**  
25 **Unlawful Late Charges In Breach of Contract And Other Relevant Law**

26 53. Ocwen is in the business of servicing loans initiated through other  
27 mortgage lenders. It frequently acquires servicing rights to risky mortgages, many  
28

1 of which were made on predatory terms. Many of the mortgages serviced by  
2 Ocwen were in default when Ocwen acquired them for servicing.

3 54. The Loan Contracts are contracts that uniformly provide that late  
4 charges are due when a monthly payment is late.

5 55. The provisions of the Loan Contracts used in connection with  
6 residential home mortgages uniformly provide for a late fee when a “monthly  
7 payment” or “installment” is paid after its due date.

8 56. After acceleration of the loan balance the entire loan balance is due.  
9 Thereafter, borrower payments in any amount are no longer considered “monthly”  
10 or “installment” payments as a matter of contract and applicable law. There is no  
11 ongoing due date for partial payments of the loan.

12 57. Absent a late monthly payment or installment, there is no legal or  
13 contractual basis under a mortgage, deed of trust or loan note for a servicer to  
14 impose a late charge.

15 58. Ocwen has engaged in a pattern and practice of charging monthly late  
16 fees after acceleration of the loan balance in breach of contract and applicable state  
17 law.

18 59. The revenue generated from late fees is included in Ocwen’s servicing  
19 revenue. Ocwen Financial Corp., 2013 Annual Report (Form 10-K/A), at F-12.  
20 (“We earn fees for servicing mortgage loans. We collect servicing fees ... from the  
21 borrowers’ payments. We also include late fees, prepayment penalties, float  
22 earnings and other ancillary fees in servicing revenue. We recognize servicing fees  
23 as revenue when the fees are earned which is generally when the borrowers’  
24 payments are collected or when loans are modified or liquidated through the sale of  
25 the underlying real estate collateral or otherwise.”)

26 60. The illegal late charges are paid to Ocwen by borrowers when they  
27 enter into loan modifications, reinstate their mortgages, sell their homes or  
28 otherwise pay-off their loan balances. *Id.* See also Ocwen Financial Corp.,

1 Amended Annual Report (Form 10-K/A), at 49 (Aug. 18, 2014) (“The increase in  
2 modifications contributed to revenue growth because when we return a loan to  
3 performing status we generally recognize any deferred servicing fees and late fees  
4 on the loan.”)

5 61. In the alternative, Ocwen recovers the late charges from the proceeds  
6 of foreclosure sales of borrowers’ homes. *See* 2013 Annual Report, *supra*, at F-11  
7 (“liquidated through the sale of the underlying real estate collateral”).

8 62. There are also tens of millions of dollars in unlawful Ocwen late fee  
9 assessments pending on borrowers’ accounts.

10 63. When paid, Ocwen, by contract with mortgage holders, retains the late  
11 charge payments and does not pass them through to mortgage holders.

12 64. Ocwen claims that the late fees collected are a “significant  
13 component[] of the estimated future cash inflows for [Mortgage Servicing Rights]”  
14 in addition to “servicing fees... float earnings and other ancillary fees.” Ocwen  
15 Financial Corp., Quarterly Report (Form 10-Q), at 22 (Aug. 18, 2014). As of the  
16 end of the second quarter in 2014, Ocwen reported it had already earned over \$69  
17 million in servicing revenue in 2014 from late charges alone. *Id.* at 30, 58.

18 **Ocwen, Altisource And Erbey Have Engaged In A Joint Scheme To**  
19 **Overcharge Homeowners For Foreclosure, Default And Delinquency Services**  
20 **That Ocwen Purchases From Altisource at Above-Market Prices**

21 65. Throughout the relevant time period, Defendants conspired to increase  
22 their financial profits by overcharging homeowners for foreclosure and default-  
23 related services including, without limitation, insurance, inspection fees, appraisals,  
24 broker’s price opinions, property maintenance fees, title searches and auction  
25 services (collectively “Foreclosure-Related Services”).

26 66. Erbey is or has been the Executive Chairman of Ocwen and the  
27 Chairman of Altisource. In Ocwen’s second quarter report of 2014 to the SEC it  
28 states that as of June 30, 2014, Erbey owned or controlled approximately 13% of

1 Ocwen common stock and approximately 27% of Altisource common stock. Erbey  
2 directly benefited from Altisource charging Ocwen above-market rates for  
3 Foreclosure-Related Services.

4 67. The cost of the inflated fees charged by Altisource to Ocwen is passed  
5 on to homeowners.

6 68. Based on information contained in the financial reports of its parent  
7 company, Altisource provides or procures various mortgage servicing and  
8 Foreclosure-Related Services for Ocwen including, but not limited to: force-placed  
9 hazard insurance, title searches, appraisals, default-related property inspections,  
10 insurance services, default management, and origination management. Altisource  
11 Portfolio Solutions S.A., Quarterly Report (Form 10-Q), at 26 (July 29, 2014).  
12 Altisource reports that for the first six months of 2014, its revenue from Ocwen, its  
13 largest customer, for the mortgage services segment of their business relationship  
14 was \$266.4 million, accounting for 67% of its revenue. *See id.* at 8-9, 42.

15 69. Ocwen customers alleged to be in default are routinely subjected to  
16 excessive charges for property valuations commonly known as Broker Price  
17 Opinions (“BPOs”). Although industry guidelines typically place the allowable  
18 limit for a BPO in the range of \$80, in practice the actual cost of such a valuation is  
19 significantly lower. Nevertheless, as a matter of policy or practice, Ocwen  
20 routinely charged its borrowers in default in excess of \$100 for a BPO. To make  
21 matters worse, Ocwen did not disclose this amount to borrowers.

22 70. In fact, the Defendants have acknowledged the actual cost of a BPO is  
23 approximately \$45. In defending a lawsuit involving its sale of BPOs for a profit,  
24 the Defendants admitted that they engaged in a practice of buying BPOs at their  
25 actual cost of \$45-\$50, only to sell that same information to third-parties for up to  
26 \$150. *See Cartel Asset Management v. Ocwen Financial Corp.*, 249 Fed. Appx. 63,  
27 72 n.9 (10<sup>th</sup> Cir. 2007) (recounting the testimony of William Erbey indicating that  
28

1 Ocwen typically paid an agent or broker approximately \$45 to \$50 to do the BPO  
2 and sell the reviewed BPO for approximately \$150.)

3 71. Over the last three years, the NY Department of Financial Services has  
4 issued multiple letters to Ocwen detailing its concerns in Ocwen's business  
5 relationships and dealings with its affiliated companies, Altisource and Hubzu.

6 72. The NY Department of Financial Services issued a letter to Ocwen on  
7 August 4, 2014, questioning Ocwen's mortgage servicing practices in its provision  
8 of force-placed insurance transactions with Altisource. The letter alleges that  
9 Ocwen's use of an unaffiliated insurance agent company acts as a means to funnel  
10 significant sums of money to Altisource for insurance commissions and certain fees  
11 requiring very little work without direct contact between Ocwen and Altisource.  
12 Moreover, the letter alleges that this business arrangement was approved by a three-  
13 member committee at Ocwen, which consisted of only one member of Ocwen's  
14 Board of Directors, Erbey, causing concerns of improper self-dealing among the  
15 Defendants. The NY Department of Financial Services requested Ocwen provide  
16 information and documents explaining: the nature of Altisource's services provided  
17 to the unaffiliated insurance agent; Ocwen's policies and procedures permitting  
18 approval of business transactions solely through the three-member committee and  
19 reviewing approvals of transactions with related companies; and whether Ocwen  
20 considered the impact of Altisource's high fees for increasing insurance premiums  
21 on financially troubled homeowners.

22 73. The NY Department of Financial Services also highlighted its concern  
23 with Erbey's conflicting role as a member of the Board and largest shareholder of  
24 both Ocwen and Altisource approving transactions between these related  
25 companies and whether the rates charged by related companies to Ocwen are  
26 actually at a fair-market rate.

27 74. In its April 21, 2014 letter to Ocwen, the NY Department of Financial  
28 Services expressed concern with Ocwen's business dealings with Altisource's

1 business unit, Hubzu, which Ocwen uses as its principal online auction site for  
2 foreclosed homes. The letter questions the 4.5% auction fee charged by Hubzu to  
3 Ocwen compared to Hubzu's auction fee as low as 1.5% for business in the open  
4 market. These auction fees are passed on to the homeowners. The letter states that  
5 due to the relationship among Ocwen, Altisource and Hubzu suggesting self-  
6 dealing, the marked up rates charged in the conflicted business transactions harm  
7 struggling homeowners who ultimately pay the inflated auction fees.

8 75. Altisource similarly charges Ocwen fees for Foreclosure-Related  
9 Services that are either above the price it charges its other customers or are above  
10 prices for similar or identical services available on the open market.

11 76. Loan Contracts used in connection with mortgage loans that Ocwen  
12 services uniformly limit charges for delinquency and foreclosure related services to  
13 those that are "reasonable," "necessary" or "reasonable and necessary." Although  
14 the specific language of the limitation may differ from one form contract to the  
15 other, all forms used contain an applicable limitation that prevents a loan servicer  
16 from charging unreasonable or unnecessary amounts for force-placed hazard  
17 insurance, Foreclosure-Related Services and for other similar incidentals relevant to  
18 servicing delinquent mortgages. Nowhere in the Loan Contracts is it disclosed to  
19 borrowers that the servicer may engage in self-dealing to mark up the actual cost of  
20 those services to make a profit. Nevertheless, that is exactly what Ocwen does.

21 77. Defendants together mark the services up beyond the price for similar  
22 services available in the open market and above the price Altisource charges other  
23 customers.

24 78. The above-market Foreclosure-Related Service charges are repaid to  
25 Ocwen by borrowers when they enter into loan modifications, reinstate their  
26 mortgages, sell their homes, or otherwise pay-off their loan balances.

27 79. In the alternative, Ocwen recovers the amounts it lays out from the  
28 proceeds of foreclosure sales of borrowers' homes.

1           80. There are also tens of millions of dollars in above-market Foreclosure-  
2 Related Service charges pending for payment on borrowers' accounts.

3           81. Ocwen, by contract with mortgage holders, retains payments made for  
4 above-market Foreclosure-Related Service charges and does not pass them through  
5 to mortgage holders.

6           **Ocwen Advances Many of Its Schemes by Failing to Establish or by**  
7 **Mismanaging Escrow (Impound) Accounts Required as A Term of Mortgage**  
8 **Loan Contracts.**

9           82. Some, but not all Loan Contracts require escrow accounts by their  
10 terms. The required escrows typically require payments by the homeowner of the  
11 amounts necessary to cover hazard insurance and real estate taxes. In California,  
12 these accounts are sometimes referred to as "impound" accounts. This Complaint  
13 will refer to them as "escrow" accounts, thereby adopting the name typically used  
14 in the trade.

15           83. Where required, proper accounting for escrow is mandated by the  
16 terms of the Real Estate Settlement Procedures Act ("RESPA"), 12 U.S.C. §§ 2605,  
17 2609; and its implementing regulation (Regulation X), 24 C.F.R. § 3500.17.

18           84. Ocwen routinely engages in the following misconduct with respect to  
19 required escrows:

20           a. Failing to properly and timely pay hazard insurance and real  
21 estate taxes as due from escrows, thus generating late fees, creating defaults and  
22 leading to insurance cancellations, imposition of expensive force-placed hazard  
23 insurance policies, tax penalties and tax sales;

24           b. Failing to properly account for amounts held in escrow;

25           c. Failing to timely notify borrowers of changes in their escrow  
26 obligations, and  
27  
28

d. Using amounts that the borrower pays for principal and interest improperly to cover escrow amounts, thereby generating a default in loan payments.

85. Ocwen's deliberate or negligent mismanagement of escrow accounts leads to borrower defaults, necessitating late charges and Foreclosure-Related Service charges from which one or more of the Defendants benefit.

### **NAMED PLAINTIFF'S FACTS**

#### **Karen Stone**

86. Karen Stone owns a home that is her primary residence, located at 6400 Crescent Park East, Apartment 416, Playa Vista, California 90094 ("Playa Vista Residence").

87. Ms. Stone has been residing in the Playa Vista Residence for over 8 years.

88. Ms. Stone purchased the Playa Vista Residence in 2006 with a loan ("Loan") she obtained from Countrywide Home Loans ("Countrywide").

89. At the time, Countrywide was one of the largest subprime mortgage lenders in the country. It was bought by Bank of America in 2008.

90. The Loan had a principal balance of \$250,350 and a 6.75% adjustable interest rate. The monthly mortgage payment was in the amount of \$1408.22.

91. On information and belief, the Loan is owned by Freddie Mac.

92. The Deed of Trust associated with the Loan contains the following provisions:

[9.] If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument; (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain

1 priority over this Security Instrument or to enforce laws or regulations); or  
2 (c) Borrower has abandoned the Property, then Lender may do and pay for  
3 whatever is reasonable or appropriate to protect Lender's interest in the  
4 Property and rights under this Security Instrument, including protecting  
5 and/or assessing the value of the Property, and securing and/or repairing the  
6 Property. Lender's actions can include, but are not limited to: (a) paying any  
7 sums secured by a lien which has priority over this Security Instrument; (b)  
8 appearing in court; and (c) paying reasonable attorneys' fees to protect its  
9 interest in the Property and/or rights under this Security Instrument,  
10 including its secured position in a bankruptcy proceeding.... Any amounts  
11 disbursed by Lender under this Section 9 shall become additional debt of  
12 Borrower secured by this Security Instrument. These amounts shall bear  
13 interest at the Note rate from the date of disbursement and shall be payable,  
14 with such interest, upon notice from Lender to Borrower requesting payment.

15  
16 [14.] Lender may charge Borrower fees for services performed in connection  
17 with Borrower's default, for the purpose of protecting Lender's interest in the  
18 Property and rights under this Security Instrument, including, but not limited  
19 to, attorneys' fees, property inspection and valuation fees. Lender may not  
20 charge fees that are expressly prohibited by this Security Instrument or by  
21 Applicable Law.

22  
23 [19.] Borrower's Right to Reinstate After Acceleration. If Borrower meets  
24 certain conditions, Borrower shall have the right to have enforcement of this  
25 Security Instrument discontinued at any time prior to the earliest of: (a) five  
26 days before sale of the Property pursuant to any power of sale contained in  
27 this Security Instrument; (b) such other period as Applicable Law might  
28 specify for the termination of Borrower's right to reinstate; or (c) entry of a

1 judgment enforcing this Security Instrument. Those conditions are that  
2 Borrower: (a) pays Lender all sums which then would be due under this  
3 Security Instrument and the Note as if no acceleration had occurred; (b) cures  
4 any default of any other covenants or agreements; (c) pays all expenses  
5 incurred in enforcing this Security Instrument, including, but not limited to,  
6 reasonable attorneys' fees, property inspection and valuation fees, and other  
7 fees incurred for the purpose of protecting Lender's interest in the Property  
8 and rights under this Security Instrument; and (d) takes such action as Lender  
9 may reasonably require to assure that Lender's interest in the Property and  
10 rights under this Security Instrument, and Borrower's obligation to pay the  
11 sums secured by this Security Instrument, shall continue unchanged.

12  
13 [22.] Acceleration; Remedies. Lender shall give notice to Borrower prior to  
14 acceleration following Borrower's breach of any covenant or agreement in  
15 this Security Instrument.... The notice shall specify: (a) the default; (h) the  
16 action required to cure the default; (c) a date, not less than 30 days from the  
17 date the notice is given to Borrower, by which the default must be cured; and  
18 (d) that failure to cure the default on or before the date specified in the notice  
19 may result in acceleration of the sums secured by this Security Instrument  
20 and sale of the Property. The notice shall further inform Borrower of the right  
21 to reinstate after acceleration and the right to bring a court action to assert the  
22 non-existence of a default or any other defense of Borrower to acceleration  
23 and sale. If the default is not cured on or before the date specified in the  
24 notice, Lender at its option may require immediate payment in full of all  
25 sums secured by Ibis Security Instrument without further demand and may  
26 invoke the power of sale and any other remedies permitted by Applicable  
27 Law. Lender shall be entitled to collect all expenses incurred in pursuing the  
28 remedies provided in this Section 22, including, but not limited to, reasonable

1 attorneys' fees and costs of title evidence.

2 93. The Note associated with the Loan contains the following provision:

3  
4 [7.] If the Note Holder has not received the full amount of any monthly  
5 payment by the end of FIFTEEN calendar days after the date it is due, I will  
6 pay a late charge to the Note Holder. The amount of the charge will be 5.000  
7 % of my overdue payment of interest, during the period when my payment is  
8 interest only, and of principal and interest thereafter. I will pay this late  
9 charge promptly but only once on each late payment.  
10

11 94. True and correct copies of the Deed of Trust and Note associated with  
12 Loan are attached as Exhibits A and B.

13 95. In August 2011, Ms. Stone entered into a permanent loan modification  
14 with Bank of America (the "Modification"), modifying the original terms of the  
15 Loan. A true and correct copy of the Modification is attached hereto as Exhibit C.

16 96. Under the Modification, the unpaid principal balance of the Loan was  
17 determined to be \$274,591, of which \$35,441.72 was deferred until the end of the  
18 loan term. The remaining balance was to be repaid over forty years at an interest  
19 rate that started at 2% and gradually rose to 4.5%.

20 97. The Modification required Ms. Stone to begin making monthly  
21 payments of \$1280.32, an amount that included principal, interest, taxes and  
22 insurance, on September 1, 2011. The tax and insurance payments were designated  
23 to be paid through an escrow.

24 98. The Modification provided that "all terms and provisions of the  
25 [Countrywide note and deed of trust], except as expressly modified by this  
26 Agreement, shall remain in full force and effect . . . and that except as otherwise  
27 specifically provided in, and as expressly modified by, this Agreement, the Lender  
28

1 and I will be bound by and will comply with all of the terms and conditions of the  
2 [Countrywide note and deed of trust].” Exhibit C at ¶ 4F.

3 99. The Modification requires the Borrower to, “...comply, except to the  
4 extent that they are modified by this Agreement, with all covenants, agreements and  
5 requirements of the [Countrywide note and deed of trust], including my agreement  
6 to make all payments of taxes, insurance premiums, assessments, Escrow items,  
7 impounds and all other payments, the amount of which may change periodically  
8 over the term of my Loan.” Exhibit C, at ¶ 4C.

9 100. Except for the monthly payment amount, interest rate and principal  
10 balance, none of the relevant contractual requirements set forth in the Countrywide  
11 note and deed of trust were changed or amended by the Modification.

12 101. Beginning in September 2011, and thereafter, Ms. Stone began making  
13 the required monthly payments under the Modification.

14 102. In June 2012, servicing rights for Ms. Stone’s loan were transferred to  
15 Ocwen. A true and correct copy of Ocwen’s Notice of Servicing Transfer is  
16 attached as Exhibit D.

17 103. Ocwen is responsible for servicing Ms. Stone’s mortgage loan as it  
18 existed at the time it acquired the servicing rights, that is to say, as modified by the  
19 August 2011 loan modification. Ocwen itself recognized the obligation to honor  
20 the modification agreement at the time of the servicing transfer. In a letter attached  
21 as Exhibit E, Ocwen identified the \$35,441.72 in deferred principal balance that  
22 was part of the loan modification.

23 104. Following Ocwen’s commencement of servicing of the Loan, Ms.  
24 Stone continued to make timely payments in accordance with the Modification at  
25 \$1280.32 per month.

26 105. Nevertheless, based on its own misapplication of Ms. Stone’s  
27 payments, Ocwen began sending communications indicating that she was in default  
28 and assessing her late fees. Ocwen first assessed Ms. Stone a late fee of \$36.21 in

1 November 2012. Over the course of the next fifteen months, Ocwen assessed at  
2 least 11 monthly late fees to Ms. Stone's account, despite her continued timely  
3 payments.

4 106. Ms. Stone was later told by an Ocwen representative that the source of  
5 her original default despite her timely payments was a seven-dollar increase in her  
6 escrow obligation, about which she had not been informed at the time of its original  
7 imposition. Because Ms. Stone continued to send in monthly payments of  
8 \$1280.32 as per her modification (rather than a payment that would have been \$7  
9 higher), Ocwen began to treat her as if she was in default.

10 107. Once she was deemed in default, Ms. Stone was subjected to a  
11 cascading parade of unexplained fees and charges, as well as an endless series of  
12 confusing and contradictory written and oral communications from Ocwen.

13 108. In January 2013, Ocwen sent Ms. Stone a "friendly reminder" letter  
14 alleging that she had missed a payment that month, even though she made the  
15 payment.

16 109. In or about May 2013, consistent with prior acceleration of the loan,  
17 Ocwen sent Ms. Stone a Notice of Default and began the foreclosure process. In  
18 August 2013, Ocwen began returning Ms. Stone's payments, indicating that the  
19 acceleration option of the Note had been invoked. On information and belief,  
20 Ocwen accelerated the loan for the purpose of foreclosure under California law on  
21 or about May 2013. The actual date of acceleration is maintained in Ocwen's  
22 account records and/or in its loan servicing notes.

23 110. Even after acceleration – and before Ms. Stone's reinstatement  
24 (described below) – Ocwen continued to assess late fees to Ms. Stone's account, in  
25 violation of the note and the deed of trust. For example, an Ocwen account history  
26 sent to Ms. Stone on March 27, 2014 reflects late fees assessed to Ms. Stone's  
27 account on May 13, 2013, June 1, 2013, August 1, 2013, September 1, 2013,  
28 October 1, 2013, February 1, 2014, and March 1, 2014. A true and correct copy of

1 Ocwen's March 27, 2014 account history is attached as Exhibit F. Throughout this  
2 time period, Ms. Stone was tendering Ocwen timely monthly payments, some of  
3 which Ocwen returned.

4 111. In addition, in or about May 2013, Ocwen began assessing Ms. Stone a  
5 series of unexplained default-related fees, including dozens of "property  
6 inspection" fees, "property maintenance" fees, "trustee fees" and other  
7 miscellaneous, unexplained fees. By way of example, Ms. Stone's August 2014  
8 mortgage statements indicate that Ocwen used a portion of her monthly payment to  
9 reimburse itself for 15 separate "property inspections." For the reasons discussed  
10 below, these property inspection fees were not legitimately due and owing and are  
11 inflated. True and correct copies of Ocwen's August 2014 mortgage statements are  
12 attached as Exhibit G.

13 112. The property inspections at issue, if any, were performed on behalf of  
14 Ocwen by Defendant Altisource and billed to Ms. Stone's account. Ocwen used  
15 payments made by Ms. Stone to cover principal and interest in order to reimburse  
16 itself for the property inspections thus throwing Ms. Stone's account further out of  
17 whack.

18 113. Some or all of the inspections were bogus, in that they could not have  
19 been more than drive-by inspections for which Ocwen is not allowed, by virtue of  
20 various servicing regulations, to bill the account. One of the inspection reports  
21 identifies Ms. Stone's residence as within a "gated community" which it is not.  
22 Moreover, Ms. Stone's condominium is on the 4<sup>th</sup> floor of a building such that no  
23 inspection of the property could have yielded information about whether Ms. Stone  
24 continued to live in the residence and/or whether she was maintaining it in proper  
25 condition. Finally each inspection reached different conclusions about the status of  
26 the property, such as whether the property was occupied or whether it contained  
27 Ms. Stone's personal property, because the inspector did not have access to the  
28 property to view or assess it in any meaningful way. Nothing was done to reconcile

1 the inconsistent reports, suggesting that they were performed in order to generate  
2 income for Ocwen and Altisource, rather than to provide a service to the  
3 foreclosing mortgage holder.

4 114. On information and belief, Ocwen does not have a policy or practice in  
5 place to review the inspections performed by Altisource to evaluate whether the  
6 services Altisource is performing are reasonable and necessary and serving the  
7 purpose of ensuring that Ocwen's and/or the investor's interest in the property is  
8 being protected before imposing property inspection fees on borrowers like Ms.  
9 Stone.

10 115. Altisource's "curbside," or "drive by" inspections performed on Ms.  
11 Stone's property were impermissible, *inter alia*, under the relevant Freddie Mac  
12 servicing guidelines, which do not permit servicers to charge a fee for curbside  
13 inspections, unless a regular property inspection would violate the law or cause  
14 personal danger to the inspector. These factors were not present here. As such,  
15 Altisource and Ocwen had no basis to charge Ms. Stone for the curbside inspections  
16 Altisource performed.

17 116. In August 2013, Ocwen began returning Ms. Stone's payments to her.  
18 From August 2013 – August 2014, Ms. Stone continued to make monthly mortgage  
19 payments to Ocwen and Ocwen continued to return them.

20 117. In July 2014, Ocwen sent Ms. Stone a written communication entitled  
21 "Reinstatement Quote." The Reinstatement Quote stated that "[a] reinstatement  
22 means you will bring your mortgage current by paying all past due amounts,  
23 including amounts that we paid on your behalf (Servicer Advances)." The  
24 Reinstatement Quote thereby purported to encompass all of the late fees, default-  
25 related fees and charges for Foreclosure-Related Services assessed up until that  
26 point. It indicated that Ms. Stone would need to pay approximately \$19,779 to  
27 achieve reinstatement. The \$19,334.61 includes the following fees and charges,  
28 among other things: (1) \$434.52 in Late Charges, (2) \$25.00 for a Returned Check

1 Fee, (3) \$215 in Property Inspection Fees, (4) \$490 in Property Maintenance  
2 Expenses, (5) \$300 for a Trustee Fee, and (6) \$2.92 for a Statutory Mailing. A true  
3 and correct copy of Ocwen's July 26, 2014 Reinstatement Quote is attached as  
4 Exhibit H.

5 118. The Property Maintenance Expenses consist of two \$155 registration  
6 fees Altisource paid to the City of Los Angeles and recouped from Ocwen, which  
7 passed them on to Ms. Stone, and two \$90 charges for "registration-related  
8 services," incurred the years 2013 and 2014. The "registration-related services"  
9 Altisource performed and for which it charged the \$90 fee were: (1) identifying  
10 which municipality had jurisdiction over the Property by checking tax records for  
11 incorporation in the City or unincorporated county; (2) verifying whether  
12 registration of the Property was required under the City's registration requirements;  
13 (3) completing the registration form required by the City; (4) ordering a check or  
14 credit card payment for the City Registration costs; and (5) shipping and  
15 documenting the registration package to the City. The \$90 charge for "registration-  
16 related services," is inflated because it is not commensurate with the services  
17 performed and would not have been incurred had Ocwen performed the services  
18 itself rather than conspire with Altisource to outsource them in order to generate a  
19 fee that they could charge Ms. Stone,

20 119. At this point, Ms. Stone felt backed into a corner. She had lived for  
21 over a year in constant fear of losing the roof over her head to foreclosure, during  
22 which she spent hundreds of hours struggling with Ocwen's conflicting answers,  
23 frustratingly opaque communications and constantly shifting written  
24 correspondence.

25 120. Based on duress, in July 2014, Ms. Stone borrowed \$20,000 from a  
26 friend and sent it to Ocwen to reinstate her loan, as described in the Reinstatement  
27 Quote.

28 121. Even after Ms. Stone's reinstatement, Ocwen continued to send

1 inflated mortgage statements demanding even more fees and charges in addition to  
2 her regular payments. When Ms. Stone called Ocwen to question these additional  
3 fees, she was told that the prior Reinstatement Quote had been in error. Ocwen  
4 representatives told Ms. Stone that they could charge her whatever they deemed  
5 appropriate, and she had no choice but to pay it.

6 122. It is *per se* unreasonable for the Defendants to act in concert to  
7 deliberately inflate the charges for default-related fees and costs in order to profit  
8 by passing them through to borrowers' accounts.

9 123. These fees are not legitimate under Ms. Stone's Loan Contracts.  
10 Instead, Ocwen is attempting to collect these fees from Ms. Stone as a way to  
11 generate illegal and improper revenue for Defendants.

12 124. The inflated and/or bogus property inspection and property  
13 maintenance fees and costs Ocwen is seeking to collect from the Ms. Stone were  
14 charged to Ocwen for services performed by the Defendant Altisource. They  
15 represent the fruits of the conspiracy by Ocwen, Altisource and Erbey to  
16 manipulate borrowers' accounts in order to charge above-market fees by  
17 outsourcing work from Ocwen to other companies that Erbey controlled.

18 125. Beginning in mid 2013, Ms. Stone contacted Ocwen regularly by  
19 telephone in attempts to obtain answers about her loan account, to understand why  
20 Ocwen was not accepting payments, and to resolve the alleged default. She was  
21 ready, willing and able to pay the escrow deficiency, if Ocwen would have accepted  
22 that payment without requiring payment of thousands of dollars in delinquency fees  
23 and costs, late charges and other unexplained and/or inflated amounts.

24 126. Ms. Stone's experience with Ocwen's customer service was frustrating  
25 and unproductive; many times when she called she was connected with Ocwen  
26 representatives working outside the United States and she could not understand  
27 them due to language barriers; one time a representative told Ms. Stone that if she  
28 did not send all of the money Ocwen was demanding Ocwen would foreclose. On

1 other occasions, call center employees acknowledged that they did not have access  
2 to sufficient information or have sufficient authority to resolve Ms. Stone's issues.

3 127. Ms. Stone sent pre-suit written notification to Ocwen on at least six  
4 occasions that described, in lay terms, the nature of her concerns about Ocwen's  
5 overcharges, its efforts to foreclose and its other misconduct, in order to provide  
6 Ocwen with an opportunity to correct her account and withdraw the foreclosure.  
7 Those written communications were dated December 5 and December 20, 2013,  
8 March 7, 2014, and July 15, 17 and 19, 2014. Despite these written  
9 communications and innumerable phone calls, Ocwen made no effort to correct the  
10 problems complained of.

### 11 **CLASS ACTION ALLEGATIONS**

12 128. Ms. Stone brings this action on behalf of herself and all persons in the  
13 United States ("the Class") whose single-family mortgage loans were serviced by  
14 Ocwen and who were assessed late charges after the date on which their loan  
15 balance was accelerated, or who incurred or were assessed one or more of the  
16 following charges: 1) property inspection or maintenance fees; 2) fees for an  
17 appraisal or broker's price opinion; or 3) fees for title search, title review or trustee  
18 services. Ms. Stone also brings these claims on behalf of California residents  
19 meeting these same criteria (the "California Subclass").

20 129. Ms. Stone and the Class seek certification of the Class under Federal  
21 Rules of Civil Procedure 23(a) and 23(b)(1), (2), and (3). In the alternative, Ms.  
22 Stone and the Class seek certification of particular issues related to Ocwen's  
23 liability for the practices at issue pursuant to Fed. R. Civ. P. 23(c)(4).

24 130. Excluded from the Class are: (a) the Defendants and any of their  
25 corporate parents, subsidiaries, affiliates, partners, officers, directors, predecessors,  
26 or successors; (b) any judge or judicial official assigned to this matter and his or her  
27 immediate family; and (c) the legal representatives, successors or assigns of any  
28 such excluded persons or entities.

1           131. The members of the Class are so numerous that joinder of all members  
2 is impracticable. While the exact number of Class members is unknown to Ms.  
3 Stone at this time, such information can be ascertained through appropriate  
4 discovery, from records maintained by Ocwen and its agents.

5           132. Common questions of fact and/or law exist as to all members of the  
6 Class. Among the questions of law and/or fact common to the Class are:

7           a. Whether the Defendants have engaged in a common course of  
8 deceptive, misleading, or unfair conduct, including the acts and practices identified  
9 herein in the servicing of loans collateralized by real property and in collecting  
10 alleged debts in connection with these loans;

11           b. Whether Ocwen engaged in a uniform practice of assessing late  
12 fees after acceleration of the loan balance;

13           c. Whether Defendants improperly and illegally overcharged class  
14 members for default-related fees, inspection fees, appraisals, broker's price  
15 opinions, title services and/or trustee charges;

16           d. Whether the Defendants engaged in improper debt collection  
17 activities in violation of state law;

18           e. Whether the Defendants engaged in improper foreclosure  
19 activities;

20           f. Whether Ocwen systematically misapplied customer payments;

21           g. Whether Ocwen breached contracts with customers;

22           h. Whether the Defendants have been unjustly enriched;

23           i. Whether the Defendants violated the state consumer protection  
24 acts, including the laws of California and Florida;

25           j. Whether Ms. Stone and the Class members are entitled to the  
26 injunctive and equitable relief requested herein, including restitution and rescission  
27 of the loan agreements; and  
28

1 k. Whether Ms. Stone and the Class members have sustained  
2 damages, and the proper measure of damages.

3 133. Plaintiff's claims are based on form loan documents, standardized  
4 servicing and debt collection practices, form letters, and accounting standards that  
5 were used or implemented by the Defendants on a nationwide basis.

6 134. Defendants and their principals participated in, controlled and  
7 implemented the challenged practices on a uniform basis from their central offices.

8 135. There are no substantial individual questions among the class claims,  
9 other than the amount of relief each Class member is entitled to receive. Common  
10 questions thus predominate.

11 136. Ms. Stone's claims are typical of the claims of the members of the  
12 Class, as Ms. Stone and all other Class members sustained harm arising out of the  
13 Defendants' common course of wrongful conduct.

14 137. Ms. Stone will fairly and adequately represent and protect the interests  
15 of the members of the Class, and Ms. Stone has retained counsel competent and  
16 experienced in class action, unfair mortgage lending, mortgage loan servicing, and  
17 consumer fraud litigation.

18 138. The prosecution of separate actions by individual members of the  
19 Class would create a risk of inconsistent or varying adjudications with respect to  
20 individual members of the Class which would establish incompatible standards of  
21 conduct for the Defendants within the meaning of Rule 23(b)(1)(A).

22 139. The Defendants have acted or refused to act on grounds generally  
23 applicable to the Class, thereby making appropriate final injunctive relief or  
24 corresponding declaratory relief with respect to the Class as a whole within the  
25 meaning of Rule 23(b)(2).

26 140. Questions of law or fact common to the members of the Class  
27 predominate over any questions affecting only individual members within the  
28 meaning of Rule 23(b)(3).

1           141. A class action is superior to other available methods for the fair and  
2 efficient adjudication of this controversy. Absent a class action, most members of  
3 the Class would likely find the cost of adjudicating their claims to be prohibitive,  
4 and would have no effective remedy at law. Separate individual actions would be  
5 inefficient from the standpoint of the judicial system.

6           142. The California Subclass repeats and realleges the aforesaid class action  
7 allegations and each meets the criteria for certification in Rule 23.

8           143. To the extent that the Court rules that any class claim cannot be  
9 decided except under the laws of a particular state, the proposed class and subclass  
10 can further be divided into state-based subclasses for the purposes of that class  
11 claim and each resulting state-based subclass also meets the criteria for certification  
12 in Rule 23.

13           144. Plaintiffs believe that notice to the Class is necessary and propose that  
14 notice of this class action be provided by individual mailings to Class members  
15 and/or by publication in national publications.

16           **TOLLING OF STATUTES OF LIMITATIONS BY FRAUDULENT**  
17                                   **CONCEALMENT**

18           145. Any applicable statutes of limitations have been tolled by the  
19 Defendants' continuing, knowing, and active concealment of the facts alleged  
20 herein. Despite exercising reasonable diligence, Ms. Stone could not have  
21 discovered, did not discover, and was prevented from discovering, the wrongdoing  
22 complained of herein.

23           146. In the alternative, the Defendants should be estopped from relying on  
24 any statutes of limitations. The Defendants have been under a continuing duty to  
25 disclose the true character, nature, and quality of their financial services and debt  
26 collection practices. The Defendants owed Ms. Stone and the Class an affirmative  
27 duty of full and fair disclosure, but knowingly failed to honor and discharge such  
28 duty.

**CAUSES OF ACTION**

**FIRST CAUSE OF ACTION**

**(Fraudulent Concealment)**

**(By Ms. Stone on Behalf of Herself and  
the Class as Against All Defendants)**

147. Ms. Stone and the Class hereby incorporate the facts alleged in all preceding and subsequent paragraphs.

148. The Ocwen Defendants concealed material facts known to them but not to Ms. Stone and the Class, including, without limitation, the absence of records supporting the amounts claimed due for improper late fees, default-related fees and charges for Foreclosure-Related Services.

149. All Defendants concealed material facts known to them but not to the Ms. Stone and the Class about the business relationships among them and that those business relationships caused them to incur above-market rate prices for default and Foreclosure-Related Services.

150. The Defendants' fraudulent concealment constitutes, in effect, misrepresentations of the actual amount due on which the Defendants intended that Plaintiff and each Class member rely. Ms. Stone and the Class did justifiably rely on the accuracy of Ocwen's representations of the amounts claimed due.

151. Ms. Stone and the Class were damaged as a result of the Defendants' fraudulent concealment.

**SECOND CAUSE OF ACTION**

**(Unjust Enrichment)**

**(By Ms. Stone on Behalf of Herself  
and the Class as Against All Defendants)**

152. Ms. Stone and the Class hereby incorporate the facts alleged in all preceding and subsequent paragraphs.

153. By their wrongful acts and omissions, including but not limited to the imposition of improper late fees, default-related fees and charges for Foreclosure-Related Services, the Defendants have been unjustly enriched at the expense of Ms. Stone and the Class, and thus Ms. Stone and the Class have been unjustly deprived.

154. Ms. Stone and the Class: (a) conferred a benefit on Defendants, which had knowledge of the benefit; (b) Defendants voluntarily accepted and retained the benefit; and (c) under the circumstances it would be inequitable for Defendants to retain the benefit without paying for it.

155. Ms. Stone and the Class do not have an adequate remedy at law.

156. By reason of the foregoing, Ms. Stone and the Class seek restitution from Defendants, and an order of this Court disgorging all profits, benefits, and other compensation obtained by Defendants from their wrongful conduct.

### **THIRD CAUSE OF ACTION**

#### **(Breach of Loan Contracts)**

#### **(By Ms. Stone on Behalf of Herself**

#### **and the Class as Against the Ocwen Defendants)**

157. Ms. Stone and the Class hereby incorporate the facts alleged in all preceding and subsequent paragraphs.

158. Ocwen assumed the obligations of the Loan Contracts of Ms. Stone and those of the Class when it took over the servicing of their loans.

159. Ocwen is in privity with Ms. Stone and the Class.

160. By charging late fees after acceleration, Ocwen breached Loan Contracts with Ms. Stone and the Class. The Loan Contracts provide for a late fee when a “monthly payment” or “installment” is paid after its due date. After acceleration of the loan balance the entire loan balance is due. Thereafter, borrower payments in any amount are no longer considered “monthly” or “installment” payments as a matter of contract and applicable law. There is no ongoing due date for partial payments of the loan. Absent a late monthly payment or installment,

1 there is no legal or contractual basis under the Loan Contracts for a servicer to  
2 impose a late charge.

3 161. By assessing default-related fees and charges for Foreclosure-Related  
4 Services in amounts that were neither reasonable nor necessary, Ocwen breached  
5 Loan Contracts with Ms. Stone and the Class.

6 162. Ocwen's breaches of contract are in violation of the common law of  
7 every state in which Ocwen does business.

8 163. As a result of Ocwen's wrongful conduct, Ms. Stone and the Class  
9 have suffered and continue to suffer damages in an amount to be determined  
10 according to proof at time of trial, including attorney's fees and reasonable costs.

11 **FOURTH CAUSE OF ACTION**

12 **(Breach of the Covenant of Good Faith and Fair Dealing)**

13 **(By Ms. Stone on Behalf of Herself and**  
14 **the Class as Against the Ocwen Defendants)**

15 164. Ms. Stone and the Class hereby incorporate the facts alleged in all  
16 preceding and subsequent paragraphs.

17 165. The subject Loan Contracts between Ms. Stone and the Class on one  
18 hand, and Ocwen on the other, included a duty of good faith and fair dealing.  
19 Pursuant to an implied covenant in the subject Loan Contracts, Ocwen had a duty  
20 not to do anything that would deprive Ms. Stone and the Class of the benefits of  
21 those contracts, and had a duty to do everything that the contracts presupposed each  
22 of the parties would do to accomplish the purpose or purposes of the subject  
23 contracts.

24 166. The Ocwen Defendants acted in breach of the implied covenant of  
25 good faith and fair dealing, and their duties thereunder by assessing improper late  
26 fees, default-related fees and charges for Foreclosure-Related Services.

167. Ocwen's breaches of the covenant of good faith and fair dealing are in violation of the common law of contract in every state in which Ocwen does business.

168. As a result of Ocwen's wrongful conduct, Ms. Stone and the Class have suffered and continue to suffer economic losses and other damages.

### **FIFTH CAUSE OF ACTION**

#### **(Declaratory and Injunctive Relief)**

#### **(By Ms. Stone on Behalf of Herself**

#### **and the Class as Against All Defendants)**

169. Ms. Stone and the Class hereby incorporate the facts alleged in all preceding and subsequent paragraphs.

170. Pursuant to 28 U.S.C. § 2201 this Court may "declare the rights and legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought." Under 28 U.S.C. § 2202 the Court may award "[f]urther necessary or proper relief based on a declaratory judgment or decree may be granted, after reasonable notice and hearing, against any adverse party whose rights have been determined by such judgment."

171. Ms. Stone and the Class are in doubt as to their rights vis-à-vis their Loan Contracts and Defendants' responsibilities to service them fairly and lawfully.

172. As set forth above, common law and federal statutes create duties for Defendants that they owe to Ms. Stone and the Class and they create legal rights for Ms. Stone and the Class.

173. There is a bona fide, actual, present, practical need for the Court to declare these rights. There is an on-going dispute that has given rise to and will in the future give rise to injury to Ms. Stone and the Class.

174. As set forth above, Ms. Stone individually and on behalf of other Class members alleges that Defendants have violated the foregoing common law and statutory duties they owe to her and Class members, injured her and Class members

1 thereby, and violated one or more cognizable legal rights she and Class members  
2 possess by assessing improper late fees, default-related fees and charges for  
3 Foreclosure-Related Services. Defendants' violations of these rights are on going.  
4 On each cause of action stated above, Ms. Stone and the Class will be irreparably  
5 injured in the future by the Defendants' misconduct.

6 175. Ms. Stone and the Class seek a judgment declaring that the Defendants  
7 must cease the activities described herein, and provide adequate procedures and  
8 policies for the immediate and complete refund of the improper charges and  
9 unlawfully assessed and/or for correction of borrower accounts.

10 176. Ms. Stone and the Class do not have a plain, adequate, speedy, or  
11 complete remedy at law to address the wrongs alleged in this Complaint, and will  
12 suffer irreparable injury as a result of the Defendants' misconduct unless injunctive  
13 and declaratory relief is granted.

14 177. Ms. Stone and the Class also seek declaratory relief pursuant to state  
15 law, to the extent allowed, to determine whether Defendants' conduct as described  
16 herein violates the Loan Contracts and/or other applicable law. They further seek  
17 such relief to determine their legal obligation to repay sums at issue that remain  
18 posted to their Ocwen accounts. Ocwen has refused and continues to refuse to act  
19 to address the legitimacy of the challenged assessments to Ms. Stone's account.

20 178. By reason of the foregoing, Ms. Stone and the Class are entitled to a  
21 federal or state law declaratory judgment and/or to injunctive relief as set forth  
22 herein, together with incidental monetary relief attendant to the declaration of their  
23 rights and/or the injunction.

24 ///

25 ///

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27 ///

**SIXTH CAUSE OF ACTION**

**(Violation of the Florida Deceptive and Unfair Trade Practices Act)  
(Brought By Ms. Stone on Behalf of Herself and the Class, As Against All  
Defendants)  
(Ch. 501, Par II, Fla. Stat)**

179. Ms. Stone and the Class hereby incorporate the facts alleged in all preceding and subsequent paragraphs.

180. Ms. Stone brings this cause of action on behalf of herself and the Class because the Defendants are based in Florida and because the conduct at issue either occurred in Florida by virtue of the centralized business practices of Defendants or was based in policies and procedures that originated from Defendants' home offices in Florida

181. This is an action for actual damages and injunctive relief or declaratory relief pursuant to Chapter 501, Part II, Fla. Stat., the “Florida Deceptive and Unfair Trade Practices Act” (“FDUTPA”).

182. Ocwen’s acts and practices described herein, including the imposition of improper late fees, default-related fees and charges for Foreclosure-Related Services, originated from its center of business operations in the State of Florida. Ocwen is in violation of the statutes of State of Florida, and/or the state consumer protection law in every state in which Ocwen does business.

183. The conspiracy alleged in this Complaint originated in Florida, but affects consumers in all fifty states. The systems used to record and account for the illegal practices complained of were maintained in Florida and substantial evidence concerning the acts alleged is maintained in that state.

184. At all times material hereto, Ms. Stone and the Class were “consumers” within the meaning of FDUTPA, and Defendants have engaged in “trade or commerce” within the meaning of FDUTPA.

1           185. Section 501.204(1) of FDUTPA imposes a duty on Defendants to  
2 refrain from engaging in “[u]nfair methods of competition, unconscionable acts or  
3 practices, and unfair or deceptive acts or practices in the conduct of any trade or  
4 commerce.”

5           186. Section 501.211 of FDUTPA provides consumers with a private right  
6 of action for FDUTPA violations.

7           187. Based on the foregoing course of conduct alleged throughout this  
8 Complaint, including the imposition of improper late fees, default-related fees and  
9 charges for Foreclosure-Related Services, Defendants have engaged in  
10 representations, acts, practices or omissions that are material and that are likely to  
11 mislead consumers acting reasonably under the circumstances. Thus, Defendants  
12 have engaged in deceptive acts or practices in violation of § 501.204(1), *Fla. Stat.*

13           188. Moreover, based on the foregoing course of conduct alleged  
14 throughout this Complaint, Defendants have committed acts or practices in trade or  
15 commerce that offend established public policy and are unethical, oppressive,  
16 unscrupulous or substantially injurious to consumers; or Defendants have  
17 committed acts or practices which have caused, or are likely to cause, consumer  
18 injury, which is substantial, not outweighed by any countervailing benefits to  
19 consumers or competition that the practice produces, and an injury that consumers  
20 themselves could not reasonably have avoided. Therefore, Defendants have  
21 engaged in unfair acts or practices in violation of § 501.204(1), *Fla. Stat.*

22           189. As set forth above throughout the Complaint, consumers, including  
23 Ms. Stone and the Class, have suffered losses and been aggrieved and thus incurred  
24 actual damages or are entitled to injunctive relief and/or declaratory relief as a  
25 result of Defendants’ unfair or deceptive acts or practices in violation of FDUTPA,  
26 in an amount or extent to be determined at trial.

27 ///

**SEVENTH CAUSE OF ACTION**

**(California Business and Professions Code section 17200, *et seq.*)**

**(By Ms. Stone on Behalf of Herself and the California Subclass as Against All Defendants)**

190. Ms. Stone and the Class hereby incorporate the facts alleged in all preceding and subsequent paragraphs.

191. Ms. Stone brings this cause of action on behalf of herself and the members of the California Subclass.

192. California Business and Professions Code section 17200 prohibits any “unlawful, unfair, or fraudulent business act or practice.” For the reasons described above, Ocwen has engaged in unfair or fraudulent business acts or practices in violation of California Business and Professions Code sections 17200, *et seq.*

193. In the course and conduct of their loan servicing and collection, including the imposition of improper late fees, default-related fees and charges for Foreclosure-Related Services, Ocwen knowingly, affirmatively, and actively concealed the true character, quality, and nature of its assessment of marked-up default-related service fees against borrowers’ accounts. Relying on Ocwen, Ms. Stone, and members of the California Subclass believe they are obligated to pay the amounts specified in Ocwen’s communications.

194. In truth and in fact, borrowers are not obligated to pay the amounts that have been specified in Ocwen’s communications concerning default-related services, including property inspections, BPOs, trustee fees, foreclosure services and title searches. Ocwen disguises the fact that the amounts they represent as being owed have been marked-up beyond the actual cost of the services, violating the disclosures in the mortgage contract. Contrary to Ocwen’s communications, it is not legally authorized to assess and collect these marked-up fees.

195. Ocwen’s knowing, affirmative, and active concealment, as set forth herein, constitutes an unlawful practice because it violates Title 18 United States

1 Code sections 1341, 1343, and 1962, as well as California Civil Code sections  
2 1572, 1573, 1709, 1710, and 1711, California's Rosenthal Fair Debt Collection  
3 Practices Act, and the common law.

4 196. Ocwen's practice of misapplying borrowers' payments, thereby  
5 breaching borrowers' Loan Contracts, also constitutes an unlawful practice in  
6 violation of California Business and Professions Code sections 17200, *et seq.*

7 197. Ocwen's knowing, affirmative, and active concealment, as set forth  
8 herein, also constitutes unfair business acts and practices within the meaning of  
9 California Business and Professions Code sections 17200, *et seq.*, in that Ocwen's  
10 conduct was injurious to consumers, offended public policy, and was unethical and  
11 unscrupulous. Ms. Stone also asserts a violation of public policy by concealing  
12 material facts from consumers. Ocwen's violation of California's consumer  
13 protection and unfair competition laws in California resulted in harm to consumers.

14 198. There were reasonable alternatives available to Ocwen to further its  
15 legitimate business interests, other than the conduct described herein.

16 199. California Business and Professions Code section 17200, *et seq.* also  
17 prohibits any "fraudulent business act or practice." Ocwen's concealment of  
18 material facts, as set forth above, was false, misleading, or likely to deceive the  
19 public within the meaning of California Business and Professions Code section  
20 17200, *et seq.* Ocwen's concealment was made with knowledge of its effect, and  
21 was done to induce Ms. Stone and members of the California Subclass to pay the  
22 marked-up default related service fees.

23 200. Ms. Stone and members of the California Subclass relied on their  
24 reasonable expectation that Ocwen would comply with the disclosures set forth in  
25 the mortgage agreement, Notes, and Deeds of Trust, and as a result, Ms. Stone and  
26 members of the California Subclass relied on Ocwen's disclosures about the fees on  
27 their statements, reasonably believing the default-related service fees to be valid  
28 charges that were not marked-up. Indeed, to lull borrowers into a sense of trust and

1 dissuade them from challenging Ocwen's unlawful fee assessment, Ocwen  
 2 concealed its scheme from borrowers by telling them, in statements and other  
 3 documents, that such fees are in accordance with the terms of their mortgage. Had  
 4 the true nature of the fees been disclosed to Ms. Stone and the members of the  
 5 California Subclass, they would have been aware of the mark-ups and disputed the  
 6 charges and not paid them.

7 201. Ms. Stone and the members of the California Subclass have been  
 8 injured in fact and suffered a loss of money or property as a result of Ocwen's  
 9 fraudulent, unlawful, and unfair business practices. Ms. Stone and the members of  
 10 the California Subclass would not have paid Ocwen's unlawful fees or they would  
 11 have challenged the assessment of such fees on their accounts had it not been for  
 12 Ocwen's concealment of material facts.

13 202. Ocwen has thus engaged in unlawful, unfair, and fraudulent business  
 14 acts entitling Ms. Stone and the members of the California Subclass to judgment  
 15 and equitable relief against Ocwen, as set forth in the Prayer for Relief.

16 203. Additionally, under Business and Professions Code section 17203, Ms.  
 17 Stone and members of the California Subclass seek an order requiring Ocwen to  
 18 immediately cease such acts of unlawful, unfair, and fraudulent business practices,  
 19 and requiring Ocwen to correct its actions.

## 20 **EIGHTH CAUSE OF ACTION**

21 **(ROSENTHAL FAIR DEBT COLLECTION PRACTICES ACT,**

22 **CALIFORNIA CIVIL CODE §§ 1788, *ET SEQ.*)**

23 **(By Ms. Stone on Behalf of Herself and the California Subclass as Against All**  
 24 **Defendants)**

25 204. Ms. Stone and the Class hereby incorporate the facts alleged in all  
 26 preceding and subsequent paragraphs.

27 205. Ms. Stone brings this cause of action on behalf of herself and the  
 28 members of the California Subclass.

1           206. As alleged herein, and as set forth in detail above, Defendants have  
2 committed violations of the Rosenthal Fair Debt Collection Practices Act,  
3 California Civil Code section 1788, *et seq.* (“RFDCPA” or “Rosenthal Act”).

4           207. California’s Rosenthal Act was enacted “to prohibit debt collectors  
5 from engaging in unfair or deceptive acts or practices in the collection of consumer  
6 debts and to require debtors to act fairly in entering into and honoring such debts . .  
7 . .” Cal. Civ. Code § 1788.1.

8           208. The Rosenthal Act defines the term “debt collector” as “any person  
9 who, in the ordinary course of business, regularly, on behalf of himself or herself or  
10 others, engages in debt collection.” Cal. Civ. Code § 1788.2(c). “Debt” is defined  
11 as “money, property or their equivalent which is due or owing or alleged to be due  
12 from a natural person to another person.” Cal. Civ. Code § 1788.2(d).

13           209. Ocwen is a “debt collector” within the meaning of California Civil  
14 Code section 1788.2(c), because Defendants sent mortgage bills to Plaintiff and  
15 members of the California Subclass, Plaintiff and members of the California  
16 Subclass made their mortgage payments to Defendants, Defendants accepted those  
17 payments, and Defendants made demands for payment, including the payment of  
18 marked-up fees for default-related services, by sending letters, making telephone  
19 calls, and other attempts to collect mortgage payments and fees.

20           210. The marked-up fees for default-related services purportedly owed by  
21 Plaintiff and members of the California Subclass are a “debt” within the meaning of  
22 California Civil Code section 1788.2(d) because they are “money, property or their  
23 equivalent which [are] due or owing or alleged to be due or owing from a natural  
24 person to another person.”

25           211. The RFDCPA prohibits a debt collector from using any false,  
26 deceptive, or misleading representation or means in connection with the collection  
27 of any debt.  
28

212. Defendants knowingly, affirmatively, and actively concealed and suppressed material facts, namely the fact that Defendants assessed borrowers' accounts for improper late fees, default-related fees and charges for Foreclosure-Related Services. Contrary to Ocwen's communications, it is not legally authorized to assess and collect these marked-up fees.

213. Ms. Stone and the California Subclass suffered damages as a result of these acts.

214. Pursuant to California Civil Code sections 1788.17 and 1788.30, Plaintiff and members of the California Subclass are entitled to recover actual damages sustained as a result of Defendants' violations of the RFDCPA. Such damages include, without limitation, monetary losses and damages. Additionally, because Defendants' violations of the RFDCPA were committed willingly and knowingly, Plaintiff and members of the California Subclass are entitled to recover penalties of up to \$1,000 per violation as provided for in the RFDCPA.

215. Pursuant to California Civil Code sections 1788.17 and 1788.30, Plaintiff and the California Subclass are entitled to recover attorneys' fees, costs and expenses incurred in the bringing of this action.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Ms. Stone, on behalf of herself and all members of the Class and the California Subclass, requests judgment and relief as follows:

1. Certification of the case as a class action on behalf of the proposed Class, and designation of Ms. Stone as representative of the Class, and her counsel of record as Class Counsel;
2. Certification of the case as a class action on behalf of the proposed Subclass, and designation of Ms. Stone as Subclass representative, as applicable, and her counsel of record as Subclass Counsel;
3. Award restitution and disgorgement according to proof;
4. Order Ocwen to perform an accounting;

1           5.     Order declaratory and injunctive relief against Defendants to prevent  
2 future wrongful conduct together with monetary relief incidental thereto;

3           6.     Award actual, statutory, exemplary and/or punitive damages according  
4 to proof;

5           7.     Award prejudgment interest at the maximum legal rate;

6           8.     Award costs of the proceedings herein;

7           9.     Award reasonable attorneys' fees; and

8           10.    All such other and further relief as the Court deems just and proper.

9  
10 Dated: June 3, 2015

11  
12 **Respectfully Submitted:**

13 /s/GretchenCarpenter

14 Gretchen Carpenter (State Bar No. 180525)

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**JURY DEMAND**

Ms. Stone hereby requests trial by jury as to all issues so triable.

Dated: June 3, 2015

**Respectfully Submitted:**

/s/GretchenCarpenter

Gretchen Carpenter (State Bar No. 180525)

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